



Professional Indemnity Insurance

Finance Brokers

THE INSURANCE ACT AND THE DUTY OF FAIR PRESENTATION

The Insurance Act provides clarity around what information a purchaser of insurance has to provide to the insurer, which of their staff is responsible for doing that and to whom they have to provide it. The new duty is now described as a 'duty of fair presentation', effectively requiring non-consumer policyholders to undertake a reasonable search of information available to them, and defining what a policyholder knows or ought to know. It is important to note that 'entering into an insurance contract' includes not only the main policy and each renewal of it, but any variations or amendments. Each time a contract is varied, the duty arises afresh in relation to that variation.

Fair Presentation and Material Circumstances

Before the insurance policy takes effect you have a duty to make a fair presentation of the risk to be insured under the insurance policy.

A *fair presentation of the risk* is one:

- which;
 - a) discloses to the Insurer every material circumstance which the proposer knows of or ought to know of, or failing that;
 - b) disclosure which gives the Insurer sufficient information to put the Insurer on notice that it will need to make further enquiries for the purposes of revealing those material circumstances; or
- disclosure which would be reasonably clear and accessible to the Insurer; and;
- in which every material representation as to a matter of fact is substantially correct, and every material representation as to a matter of expectation or belief is made in good faith.

The proposal form will form the basis of a contract between you and the Insurer. Inaccuracies or misrepresentations could lead to the policy being voided, and/or a claim being refused. If you have any doubt whether particular information or a material circumstance is relevant to Insurer's ability to underwrite your application for insurance, you should declare the information as soon as possible. A *material circumstance* is one that would influence the Insurer's decision as to whether or not to agree to insure you. If you are in any doubt as to whether a circumstance is material, you should immediately disclose it to the Insurer.

Remedies

Importantly, the Act introduces a new system of proportionate remedies where the duty to make a fair presentation has been breached. The ability to avoid will be retained in some cases where the insured breaches the duty to make a fair presentation in relation to disclosure/misrepresentation – see brief details below of how Remedies will apply.

Remedies for Material Non-Disclosure or Misrepresentation

Consequences of a deliberate or reckless breach may be:

- a) the insurer may avoid the contract and refuse all claims; and
- b) need not return any of the premiums paid

For example, an insured deliberately conceals known and material information from its presentation of the risk and does not even provide sufficient information to put the insurer on enquiry, making it an unfair presentation. This entitles avoidance but with no obligation to return premium.

Proportionate Remedies; for non-deliberate or reckless breaches

1. If the insurer would not have entered into the contract on any terms: the insurer may avoid the contract and refuse all claims but must in that event return the premiums paid.
2. If the insurer would have entered into the contract but on different terms (other than terms relating to the premium): the contract is to be treated as if it had been entered into on those different terms if the insurer so requires, even if the insured would never have accepted such terms.
3. In addition, if the insurer would have entered into the contract but would have charged a higher premium (whether the terms relating to matters other than the premium would have been the same or different): the insurer may reduce proportionately the amount to be paid on a claim.

In sub-paragraph (3) above, 'reduce proportionately' means that the insurer need only pay on the claim X% of what it would otherwise have been under the terms of the contract (or, if applicable, under the different terms provided for by virtue of paragraph 2, because 2 and 3 can apply together). The calculation is as follows:

$$X = \frac{\text{Premium actually charged}}{\text{Higher Premium}} \times 100$$

Insurers Remedies for Fraudulent Claims

The Act provides the insurer with clear statutory remedies when a policyholder submits a fraudulent claim. If a claim is tainted by fraud, the policyholder forfeits the whole claim, they cannot recover the part of the claim that would genuinely have been payable.

The Act also provides that the insurer may refuse any claim arising after the fraudulent act and can serve notice that it is treating the contract as terminated from the date the offence was committed. However, previous valid claims arising prior to the fraudulent act are unaffected.

The insurer need not return premium following notice of termination based upon the submission of a fraudulent claim.

If you need further clarification on the Insurance Act 2015 please do not hesitate to contact your Broker.

Finance Brokers - Guide to Completing this Proposal Form

When submitting this proposal form to your Broker or to The PI Desk, please make sure 'YOU' ('you' means the proposer/the firm & its staff entitled to indemnity under this insurance contract) answer all questions fully leaving no blank spaces (if necessary comment as N/A, 'not applicable' or 'none'). If the form is not satisfactorily completed we will not provide any terms but may make further enquiries of you or will automatically decline.

If there is insufficient space to complete all answers, please continue at the end of the form or provide additional information on the firms headed paper. Providing as much information as possible will help underwriters to understand the business and enable Insurers to offer terms quickly. Failure to provide underwriters with relevant information in an appropriate manner may adversely influence the ability of Insurers to offer suitable terms.

The form must be signed and dated by a Director, Partner or Principal or an identified Officer of the proposing entity.

Insurance cover is not effective until the underwriters and/or Insurers have accepted a proposal form and any terms and payment method offered to the proposer have been accepted in writing.

If the proposer has not been trading for at least 3 years in this profession, please enclose CV's of all Directors, Partners and/or Principals. If the proposer is a new start-up please provide full details of past experience, qualifications along with the CV's.

Where available, email addresses, web site addresses, brochures, the proposer's standard contract conditions and/or agreements should be provided to assist the underwriting process.

Claims and/or Claims Circumstances

If the proposing firm has received any complaint(s) or claim(s) or is aware of any circumstance(s) that may give rise to a claim please provide full details and forward a complaints/claims log in a durable format which has been fully completed; is up to date and which should incorporate all complaints/claims from inception of the business. Please also include any complaints/claims notified to any predecessor firm and/or whilst conducting business for or on behalf of any other firm.

Professional Indemnity (PI) policies respond on a claims-made basis, which means that cover is only provided for matters arising where Professional Indemnity Insurance is in force at the time of the notification of a complaint or claim to Insurers. Where a retroactive date is noted on the policy certificate/schedule, then no cover is provided for any matter arising from business conducted prior to the retroactive date. If a PI policy is allowed to lapse at renewal or mid-term due to unpaid premiums then cover is automatically cancelled and no cover is provided in any event.

Please note that Professional Indemnity Insurance schedules/certificates are issued as annual contracts and you cannot cancel the Insurance mid-term unless specifically agreed by Underwriters.

New Business Start Up Venture

If this proposal form relates to a new business startup, please complete the questions by giving your best estimated information for your first year of trading. When estimating your projected fee income, we recommend that you provide a realistic estimate of what you think is achievable based on your business plan. If you exceed your projections the policy cover/limits can be amended.

Retroactive Cover

It is very important that you provide details of any retroactive date applying to your business. Where a retroactive date is stated on your expiring policy schedule, this will be applied on the quotation document and thereafter the policy schedule. In this event, the policy will only provide indemnity for claims arising from activities/work declared to the Insurer and which has been undertaken on or after the retroactive date shown. It is your responsibility to ensure that there is no work or liabilities arising from work undertaken prior to the retroactive date which needs to be covered under your policy.

Predecessor Companies and/or Partners, Principals Previous Businesses

If cover is required in respect of liabilities arising out of predecessor companies or any partners, principals previous businesses, please include full written details within the proposal form. If there is insufficient space to provide this information, please include an additional page, covering letter or email with full details.

Limits of Indemnity

You must arrange and maintain a limit of indemnity that is adequate to meet your requirements (and/or regulatory requirements) and any claims that may be brought against you both now and in the future. If you are subject to a minimum requirement by your professional body you must not take this as being adequate and the level of cover should meet the protection requirements of you and your business. We can provide quotations for any limit you request you will not accept any responsibility for the choice you make. If you are in any doubt as to what limit of indemnity will meet your business needs then please discuss this with your broker.

If you require any assistance in completing this form please contact your Insurance Broker in the first instance.

Please note that we will communicate with you preferably by email so please provide a valid and regularly used email address.

Submission / Contact Details

Email the completed form to the Insurance Intermediary/Broker dealing with your Professional Indemnity Insurance

Alternatively if you are dealing with the PI Desk Ltd, email to: enquiries@thepidesk.co.uk

Fax to: 0114 242 2372 or

Post to: The PI Desk Ltd, Suite B, Sheffield Business Centre, Europa Link, Sheffield, South Yorkshire, S9 1XZ

For all Underwriting queries call on: 0114 242 1176

Larger cases, claims or technical queries contact: roger.crowther@thepidesk.co.uk

Professional Indemnity Proposal Form Finance Brokers

Please print your answers clearly to assist the Insurers' consideration of the proposal

1 – General Information

Contact Name			
Name of Proposer/Firm to be Insured			
Trading Address			
Date firm established			
email:			
Telephone:		Mobile:	
Web Site:		Fax	

This insurance can be extended to include associated, subsidiary and predecessor businesses, or the previous Business activities of any Principal, provided that they are listed below or on a separates sheet and all the Information you give in this proposal form relates to all the companies named:

Name of Business	Location (City/Town)	Nature or Operation of Business	Dates Trading from / to

2 – Details of Principals / Staff

Full Names of Sole Trader / Directors / Partners	D.O.B	Qualifications	Number of years in this capacity (in this firm)

Does the firm have at least 3 years experience trading in this profession Yes No

If this is a new start up business and/or where any Principal has less than 3 years experience please attach full CV's

Please state the total number of: (including part time workers)

Total number of Principals, Partners, Directors	
Technical / Sales Staff / Consultants (excluding Administration staff)	
Self Employed Individuals	
Administrative and all other staff	

3 – Professional Associations

Regulator(s) or Professional Body(s)		Name of Organisation(s)	Registration Number
Are you regulated by the Financial Conduct Authority?	Yes <input type="checkbox"/> No <input type="checkbox"/>	Date Joined	
What are your FCA permissions?	Consumer Credit Permissions only <input type="checkbox"/>	MCD Credit Intermediary or Full Permissions <input type="checkbox"/>	
Are you a member of any Professional Body or Trade Association?	Yes <input type="checkbox"/> No <input type="checkbox"/>		

4 – Gross Income/Fees – Financial Information

a. Please confirm the date for the firm's next financial year end:

Please give the amount of known Gross generated Income / Commission and Fees received for the current trading/financial year and last 3 financial years shown in prepared accounts from business conducted (*prior to any commission/fees paid away to third parties*)

	<i>Current Financial Year (projected to the above financial year end)</i>	<i>Last Complete Financial Year (audited)</i>	<i>Prior Year 1</i>	<i>Prior year 2</i>
Total Income Received	£	£	£	£

b. In respect of the above declared income(s) please split your activities by percentage and state the approximate number of cases completed for each of the following activities conducted in the last financial year - if you are a new start up business show projected number in your target market for the next 12 months

	Approx. % of Turnover	Approx. No. of cases
Buy to Let Mortgages - Residential	%	cases
Commercial Property Mortgages/Loans/Finance	%	cases
Industrial Unit Business Mortgages/Loans/Finance	%	cases
Business Finance/Refinance/Consolidation & Associated Consultancy	%	cases
Secured Loans	%	cases
Unsecured Loans	%	cases
Bridging Loans	%	cases
Asset Finance	%	cases
Development Finance	%	cases
Crowd Funding / Peer to Peer Finance	%	cases
Vehicle Finance, Hire Purchase, Leasing, PC Purchase/PC Hire (Motor Trade)	%	cases
Commercial Fleet Lease/Business/Finance	%	cases
Hire Purchase & Finance Leasing (Heavy Plant, Agricultural etc)	%	cases
Invoice Factoring/Discounting	%	cases
Other – If your work/activities cannot be identified above please give an accurate description of your professional services below or at the end of the form:-	%	cases
100		%
		cases

c. If you engage with or use independent brokers, Introducers, specialist consultants please state the percentage of your last financial years income declared above that is paid away to such third parties %

d. Do you conduct any business outside of the United Kingdom, Northern Ireland, The Irish Republic, Channel Islands, Isle of Man and Member Countries of the European Union? If yes please provide details at the end of the form Yes No

e. Please give the largest Loan value transacted in the last complete financial year £

f. Please give the average Loan value in respect of all business transacted in the last complete financial year £

Please note - If the company is newly established give an approximation based on your target market

g. Changes to Business:

Have any major changes in the Proposer's activities/structure taken place in the past twelve months? Yes No

Are any major changes in the Proposer's split of activities/structure/fee growth expected in the next twelve months that underwriters should consider? Yes No

Is cover required for any previous activity, now ceased, which is different from that declared within the Proposal Form? Yes No

If Yes to any question in this section, please provide further information at the end of the form.

5 – Risk Management

- a. Are you involved in the Lending of your own Funds? Yes No
- b. Are you involved in the Lending your own funds via Crowd Funding platforms? Yes No
- c. Do you act as a Packager or Correspondent Lender for other Financial Institutions? Yes No

If YES to **a.** or **b.** or **c.** above what processes do you have in place to prevent financial crime

- d. What is the total amount of your Lending in the last 12 months? £

- e. In all cases do you take steps to ensure that you adequately understand your client's requirements? Yes No
- f. In respect of any activity - when engaging with customers, do you issue standard terms of business, form of contract or engagement agreement in every case? Yes No

If No to any of the above 2 questions in this section please provide further details of your processes

- g. If you were to take on new staff, would you always conduct thorough due diligence and obtain written references when engaging new partners, directors, employees and/or self-employed agents? Yes No

- h. Has the Firm, any past or present Partner, Principal, Director or Employee or other individual therein ever been subject to any Regulatory or Trade Association disciplinary procedures, enforcement action or been required to undertake any remedial action in the conduct of any business activities? If Yes, please provide further details at the end of the form. Yes No

- i. Can you confirm that for the classes of business conducted you:
- a. operate good practice and that all staff are suitably trained to transact the sale of those products declared within this proposal form.
- b. hold copies of all client files indefinitely in a durable and reproducible format and such files provide a clear audit trail demonstrating that any product arranged was suitable for the client and met their specific requirements? Yes No

If you cannot confirm that you operate such procedures, please detail why in the notes section at the end of the form

6 – Principals/Directors & Associated Companies

- a. Has any Partner, Principal or Director ever been made personally bankrupt or been associated with any business which has ceased trading either voluntarily or compulsorily? Yes No
- b. In respect of this or any other company, has the business discharged any employee or severed any relationships with any partner or director within the last 10 years? Yes No
- c. Does the Proposer undertake work for any Associated Company, Partnership, Company or Organisation in which he/she or any Partner, Principal, Director or Employee holds a position whereby he/she is able to make major decisions on behalf of such Partnership, Company or Organisation? Yes No

If Yes to any of the above 3 questions in this section please provide further details

- d. What percentage of income (in any) is derived from Associated Companies as detailed above? %

- e. Is cover required for any work for Associated Companies? (Cover is restricted to claims made by independent third parties) Yes No

7 – Previous Coverage – (do not complete if already insured with The PI Desk Ltd)

a. Has this business been previously insured for professional indemnity? Yes No

How many years have you held continuous cover? Years

b. Please provide details below of your current insurer for the last 12 months:

Name of Insurer:

Limit of Indemnity (state whether aggregate or any one claim basis) £

Self-Insured Excess: £

Renewal Date:

Retroactive Date (located on current policy schedule):

Annual Premium Paid: £

Please attach a copy of your current schedule if this is easier

IMPORTANT - Has any Professional Indemnity or similar insurance made on behalf of the firm, any predecessors in business or present Partners, Principals, or Directors and/or any Appointed Representative, **ever** been declined or has any such insurance ever been cancelled by you for any reason, cancelled by Insurers, had a renewal application refused, or had any special terms imposed (other than market rate increases)? If YES please provide full details Yes No

8 – Limit of Indemnity required for this Professional Indemnity insurance

Please select/tick the level of indemnity required to meet your trade body or regulatory requirements :

£250,000 in the aggregate

£500,000 in the aggregate

£450,000 any one claim limited to £750,000 in the aggregate *Minimum required for FCA regulated MCD Credit Intermediaries*

£1 million in the aggregate

£2 million in the aggregate

Other Please provide amount £

Please insert the level of excess you require – (this is the amount you pay on each claim) £

(Please note that Underwriters will require minimum limits and excesses, depending on size and type of work undertaken)

9 – Claims History

a. Has any complaint (including Data Subject Access Requests) or claim whether successful or not, ever been made against this firm/organisation or its predecessors in business or any past or present Partner, Principal, Director or Employee (whether previously Insured or not)? Yes No

If "Yes", please give full details at the end of the form (attach a schedule or spreadsheet if this is easier) including dates, amounts involved, brief details of the nature of the claim and whether settled or outstanding?

b. Has the business sustained any loss during the past 10 years as a result of the fraud or dishonesty of any partner, director or employee of the business? Yes No

c. Are you or any of the Partners, Principals, Directors or Employees, AFTER FULL ENQUIRY, aware of any circumstance which may result in any claim being made against the Proposer, its predecessors in business or any past or present Partner, Principal, Director or Employee? Yes No

If Yes to any question please provide full details at the end of the form or on a separate sheet

10 - When do you want this Insurance to start (Insert start date or tick one other box - do not backdate)

Start Date: Or on renewal date of your existing TPIDL PI Insurance Or T.B.A.

11 – Declaration

Please read the following carefully

Data Protection

At The PI Desk Ltd we recognise our responsibility to treat your personal information with care and to comply with all relevant legislation. For full details please refer to our Privacy Notice which governs how we use and protect your personal information. The Privacy Notice will be provided with any quotation but in the meantime it is available on request or can be obtained from our website www.thepidesk.co.uk.

Duty of Fair Presentation and Disclosure Material Circumstances:

Since an Insurance Contract is based upon the Duty of Fair Presentation, it is important that those seeking Insurance should provide full disclosure of any material circumstance to Insurers and that any changes to this information should be updated throughout the period of insurance. The Courts will find a circumstance to be 'material' where it would affect the judgement of a prudent Insurer as to whether or not to accept the risk at the particular terms offered. You are reminded that if you are in doubt whether or not any circumstance is material we recommend that you disclose the information to Insurers.

Declaration

I hereby confirm that I am authorised to complete this proposal form on behalf of all parties entitled to coverage under this insurance and understand that signing this proposal form does not bind the Proposer or the Insurer to complete and/or enter into any binding contract of insurance.

I declare that all Principals, Partners and/or Directors have read, understood and agreed that all the statements and particulars given, including those answers written for me by any other person and that to the best of my/our knowledge and belief, the contents of this proposal form, all attached additional information and other particulars which have been given separately to Underwriters and/or Insurers by me or our agents are true and complete and that no material circumstances have been omitted, suppressed, misrepresented, or misstated.

I undertake to inform the Insurers of the change to any material circumstance that occurs prior to the point at which this insurance contract has been agreed and/or prior to the inception of the policy.

I agree that Underwriters and/or the Insurers may contact any previous Insurers for further information and/or clarification if required.

Full Name: Position:
 Signature: Date:

Please note - N.B. Applications must be signed within 30 days of the start date and cannot be backdated

Please take a couple of minutes to check the information on the proposal form and always save a copy for your records

Please use this space for additional information

Complaints

Name of Complainant	Date notified	Product type / Nature of complaint	Status – Open/Closed & amount paid

General Complaints Information